

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Phil Caplan to POTUS, re: Recent Information Items (3 pages)	7/22/1998	P5

COLLECTION:

Clinton Presidential Records
WHORM Subject File-General
FG001
OA/Box Number:

FOLDER TITLE:

273323SS

Whitney Ross
2006-0646-F
wr845

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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THE WHITE HOUSE
WASHINGTON

July 22, 1998

THE PRESIDENT HAS SEEN

7-22-98

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY *SM*

SUBJECT: Recent Information Items

*Phil needs
to check before
copying* *OK*
Deh

We are forwarding the following recent information items:

- ✓ (A) **OMB Update on Chem./Biological Budget Amendment forwarded by Podesta --**
Congress will fund most of your priorities in the chem./bio budget amendment, but not all of them; the House funded \$170M of the \$295M proposed; the Senate to date has funded \$224M; both appropriations committees have acted on the DOJ and FEMA pieces, but bills have not yet gone to the floor; for DOJ, both Houses met or exceeded your requests on training/equipping local first responders; the Senate largely funded the \$13M request for FBI Chem/Bio operations, the House did not; the Senate fully funded the \$10M request for planning, the House provided \$3M; for FEMA, the Senate provided \$11M, the House provided nothing (\$12M was requested); for HHS, the House subcommittee fully funded antidote/antibiotic stockpiling (\$51M), but rejected the \$43M proposed for infectious disease surveillance, the \$10M for research, and the \$7M for response.
- ✓ (B) **Berger Memo on Rumsfeld Commission Report --** last Wednesday the Congressional Commission to Assess the Ballistic Missile Threat chaired by Donald Rumsfeld released its report to Congress; its conclusions: emerging ballistic missile powers like North Korea and Iran would have the means to strike the U.S. within five years of a decision to acquire such a capability (10 years for Iraq); the Intelligence Community (IC) might not be immediately aware that such an effort was underway; U.S. policies should be revised to reflect the possibility of little or no warning time; Sandy responds: the IC will seek to incorporate the Report's recommendations concerning intelligence analysis, but stands by its assessment of the threat (*i.e.*, that it is unlikely that countries beyond Russia, China and perhaps North Korea will deploy an ICBM capable of reaching any part of the U.S. before 2010); our program provides for a year 2000 decision whether to initiate a limited deployment in 2003; the GOP is likely to call for a more rapid deployment.
- ✓ (C) **Sperling Memo on Coordination of Int'l Economic Crisis forwarded by Erskine --**
says we've made significant progress in coordinating the Administration's response to international financial issues (*e.g.* establishing a process to include all relevant parties in decision making; increasing staff, deputy and principal level meetings; holding twice weekly conference calls with NEC, Summers, Steinberg, Geithner, Eizenstat and others); Gene attaches a chronology that details the team's work over the past six weeks.

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7-22-98

(D) **Berger Memo on USAF Pilot Retention** -- responds to your note on a letter to Diane Gunn Anderson of El Dorado, Arkansas; the Air Force is losing pilots faster than they can be trained, creating a projected shortfall of 2300 pilots by FY02; the number of pilots separating this year is up 78% from last year; primary reasons given are: tempo (frequency of deployment, exercises, inspections), quality of life, airline hiring, and assignment to non-flying duties; in that order; compensation was not identified as a primary issue, but was a contributing factor; Shelton and Ryan have reduced deployments, exercises, and have shortened certain unit rotations; the Air Force is working on quality of life issues; Sec. Cohen has formed a working group to review compensation.

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Berger
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wing desk
Bowles
POTUS

(E) **Memo on Youth Unemployment and Crime from Sec. Herman** -- says the unemployment rate for African American teenagers declined by nine percentage points to reach an historical low of 20.2%; since they began keeping statistics in 1972, this unemployment rate has been around 30%; while these numbers are hopeful, the rate is still high; she attaches a memo and charts from her chief economist, Edward Montgomery, illustrating that fewer than half of out-of-school A/A male youths have jobs and a large percentage are in jail; the Montgomery memo makes a number of policy recommendations; *we have forwarded it to DPC for review.*

(F) **Poll of Women's Views on Education with cover note from Minyon Moore** -- Celinda Lake poll for the American Association of University Women shows: education remains a salient issue for women; three quarters say Federal government should play a significant role; safety, quality, access, and investment are Women's top priorities; large majorities favor improved safety measures (86%), tough standards for teachers (89%) and students (84%), and limiting class sizes for grades K through 3 (82%); these ideas receive overwhelming approval across party lines.

(G) **Thank You Note from Navy Secretary Dalton** -- thanks you for presenting the Medal of Honor to Doc Ingram, hosting the Marine Band and picnic on the South Lawn, and for attending the Kennedy Center concert; "your attendance and participation at such events is typical of the outstanding job you do in showing your concern for our men and women in uniform;" looks forward to seeing you on July 25 at the USS Truman commissioning.

(H) **Congressional Correspondence forwarded by Janet Murguia** -- (1) Note from Sen. Max Baucus -- thanks you for inviting him to travel with you in China; it was an honor to be part of such an historic visit; "You were masterful!"; (2) Note from Rep. Henry Bonilla -- thanks you for saying hello to his daughter, Allie, at the White House picnic; "I truly appreciate the extra effort you always make to stop and say hello;" (3) Note from Rep. Abercrombie -- forwards a review of *Luzon*, a novel by Steven Goldsberry, that puts a "human face on the issues we've been discussing relating to Filipino veterans."

(I) **Photos of Rwanda Genocide Memorial forwarded by Berger** -- two snapshots John Pendergast took of the memorial built for your visit at the Airport in Kigali; as you know security considerations did not permit you to see it first hand.

Paper Copy Generated by
NLWJC Staff

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7-22-98

We have also received the following item:

- **Report on America's Children forwarded by Jack Lew** -- Jack has sent you a copy of *America's Children: Key National Indicators of Well-Being*, the second volume prepared to meet the requirements of your Executive Order; contains statistics grouped into four areas: economic security, health, behavior/social environment, and education; *a copy is on file in our office.*

Cover Note - copied page 2 to
Berger, NSC westwing desk,
Bowles

TAB D - copied Berger, NSC
west wing desk. Bowles

TAB H - copied note from Rep
Abercrombie to Berger,
NSC wwdesk, Bowles

TAB H ~~copy of~~ page 2 of memo and
original notes from Senator
Baucus & Rep Bonilla to POTUS
~~copy of B~~

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005. note	From POTUS, re: article [partial] (1 page)	5/31/1994	P5
006. note	POTUS to Tony Lake, re: article [partial] (1 page)	5/31/1994	P5
007. note	POTUS to Tony Lake, re: article [partial] (1 page)	5/31/1994	P5

COLLECTION:

Clinton Presidential Records
WHORM-Subject File General
PU001-07
OA/Box Number: 12155

FOLDER TITLE:

100531SS

Whitney Ross
2006-0646-F
wr848

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THE PRESIDENT HAS SEEN
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Homeless: A Local Problem

Stephen S. Rosenfeld

The Clarity of D-Day

The muddle of today's internationalism

D-Day: landing boats, dramatic action, a known and evil foe, full power, victory. Nothing has changed more in 50 years than the way in which we routinely tend to the global stability that was bought by massive commitment and sacrifice in World War II. The United Nations peace-keeping operations now scattered around the world are everything D-Day was not: marginal, ambivalent, ragged, controversial. But how could it be otherwise? And who would again want total war?

We must deal with the world we live in, and we live in a world where peace-keeping in its various forms is unavoidable and important to us. We have not done it well enough and as a result we face a certain crisis of internationalism. Bill Clinton is blamed for wobbling. Boutros Boutros-Ghali for overreaching. But such criticisms miss the main point. The real trouble is that in this time of relative safety and security for the favored nations, peace-keeping can mean an unwelcome degree of personal risk to the forces taking part and political risk to their sponsoring governments. Americans have spent the past few years wrestling with this dilemma.

The post-Cold War vista opened with the rosy and mistaken diagnosis that Soviet-American confrontation alone had kept the United Nations from ushering in a new world order. In the second, more sober stage we are seeing that the United Nations is not merely an irregular contributor to global stability but sometimes itself a contributor to disorder. The primary contributors to disorder are the governments and their challengers. But the deeds done by peace-keepers sometimes have the unintended but perverse effect of enabling the parties to extend war and avoid peace.

To use the United Nations as an instrument of relief, for example, sounds noble. But it can also encourage combatants to shift some part of their war budget to others and can spare them the discipline of an early reckoning. Are we ready to use relief explicitly as a political lever? The new pattern of ethnic wars makes this disturbing question increasingly difficult to evade.

The international presence in Bosnia is being used by the Serbs in an effort to freeze their gains and by the Muslims to reverse their losses. This is understandable: They are at war. But peace-keepers lend only themselves to the belligerents' maneuvers when they make their own safety their first concern.

In Bosnia, the United Nations now routinely softens NATO's ultimatums to avert expected Serb retaliation against exposed U.N. forces. This makes the world body a partner in diluting its own credibility and effectiveness. It gets worse when such limited self-defense as peace-keepers do conduct is treated as a loss of neutrality. But Americans are poorly placed to complain as long as American forces do not share the risks on the ground.

The embarrassment in Rwanda is scarcely less painful. The United Nations' first response was to pull peace-keepers out, abandoning the helpless civilians it was ostensibly there to protect. Some U.N. forces remain, but with both the Hutu army and Tutsi rebels threatening to fire upon them if they get in the way, they may not be there for long.

It's not "the U.N.'s" fault. A membership organization, it must heed members unwilling to take more than token casualties. But in that case, the talking part of the United Nations should stop issuing resolutions, instructions and promises premised on the notion that the peace-keeping force is a military juggernaut. The now-desultory discussion of tactics must get serious. Ground forces might be reduced and air power brought to bear against the violators of U.N. decrees. Or forces might be increased and unleashed.

Many people have already concluded that international peace-keeping involving the use of force is a passing phase in global politics, a post-Cold War experiment that did not work out. But it's early to throw in the towel. I think there is still a logic in proposals for a standby U.N. combat force that members had endowed with a mission and with suitable resources. Not that the members—sovereign states, after all—couldn't later take back their approval. But at least there would be an effort to deal with the real world of hard choices rather than a pretend world in which everybody acts as though peace comes for free.

In any event, let us not slip too casually and uncritically into D-Day celebration of a war that, after all, involved a global cataclysm and caused more than a quarter-million American combat deaths. It was horrible. We should be glad that our security and stability cares, though they use up our whole frazzle quotient, are trivial compared with the challenges that America and its allies faced and mastered in World War II.

No problem better highlights the limits of collective compassion than that of the homeless. Just last week, the Clinton administration proposed raising federal spending on the homeless to \$2.2 billion in 1995, double the 1993 level and more than four times what it was in 1987. Even the administration does not claim that its program will reduce homelessness by more than a third, and this may be optimistic. All the federal spending to date has barely dented the problem.

We Americans are eternal optimists. We think that all problems are solvable. We believe in the "indefinite perfectibility of man," as Alexis de Tocqueville put it. But people are permanently imperfect, and all problems are not solvable. Some will endure forever. There will always be a sliver of society—especially in a nation as big, diverse and individualistic as ours—who will be more than desperately poor. They will drop off the edge.

Many of these people used to be called "vagrants, tramps, bums," as the writer

First, help families with children.

Tom Wolfe once put it. Homelessness is a blander term, implying that the homeless bear no responsibility for their own plight. All labels simplify the human condition, and if homeless is too forgiving for some, "bums" may not be forgiving enough for others. But whatever the labels, some people will always fall to the bottom.

Why, then, is homelessness so conspicuous now when it wasn't 15 or 20 years ago? The main explanation is that the problem we now call homelessness existed before in other forms and other places. In a new book ("The Homeless," Harvard University Press), sociologist Christopher Jencks of Northwestern University has meticulously reviewed the various studies and concludes that a large part of today's problem results from the destruction of "skid rows" and the "deinstitutionalization" of mental patients.

Skid rows were rarely visited by the middle class. The homeless were out of sight and out of mind; they slept on the streets or in flophouses. In 1958 Chicago's so-called "cage hotels"—which offered single, windowless rooms for less than \$1 a night—housed 8,000. By 1992 only one similar hotel remained with, perhaps, 200 rooms. Skid rows were regarded as disgraceful. They often became sites for urban renewal, or strict enforcement of building codes put hotels out of business. In the process, the down-and-out lost their most reliable form of housing.

That loss, writes Jencks, "combined with changes in the laws about panhandling and vagrancy, encouraged destitute single adults to spread out over the entire city, turning every doorway into a potential flophouse." Homelessness increased and became a lot more visible, though the numbers were never huge. A 1958 survey in Chicago found about 1,300 homeless; three decades later, the number was about 2,800 in a city of 2.8 million.

"Deinstitutionalization" has had a similar effect. It transformed an invisible problem into a visible one. People who had no place to go were released from state hospitals; involuntary commitment

became almost impossible. Slightly less than a quarter of today's homeless have been in mental hospitals. But as Jencks points out, this does not cover those homeless with recent mental problems who might have been hospitalized under previous policies. Including these, he reckons that perhaps a third of today's homeless are mentally ill.

There are other causes of higher homelessness. Jencks says that crack addiction (cheaper than cocaine), more long-term unemployment and a decline in welfare benefits all mean that people with the most precarious lives stand a greater danger of landing in the streets. What Jencks does not think caused homelessness is a drop in government-subsidized housing. Between 1979 and 1989, he points out, the number of tenants in subsidized housing rose from 2.9 million to 4.2 million. Though the Reagan and Bush administrations disliked these programs, previous spending commitments kept construction expanding.

Nor has housing for the poor generally deteriorated, though obviously much of it remains below middle-class standards. "The low-rent housing available in 1973 often lacked amenities, such as central heat and hot water," Jencks reports. "Many poor tenants who came of age before World War II saw these amenities as luxuries." By 1989 surveys showed tenants had more rooms, more "complete bathrooms, complete kitchens . . . modern plumbing, central heat and air conditioning" than in 1973.

What remains is a small, highly visible and largely insoluble problem. Jencks thinks that the homeless at any one time tripled or quadrupled in the 1980s to 300,000 or 400,000; the administration uses a figure of 600,000, which seems on the high end of reasonable estimates. Some people experience brief periods of homelessness, so that in the late 1980s, as many as 1.2 million people annually might have been on the streets sometime. All estimates are rough; all seem large but are relatively small in a nation of 260 million.

What can be done? Families with children deserve the most help. But they account for less than a fifth of the homeless, and most already use shelters and tend to move fairly rapidly out of homelessness. Many of the rest (mostly single men) are barely employable. Many are alcoholics or drug users. Many have chosen panhandling as a way of life. The odds of helping them are long. If we had no other social problems, we might still spend heavily to beat the odds. But there are many demands on limited public funds for other pressing needs: to control crime, reduce welfare dependency, improve schools or provide more health care. Spending more for the homeless crimps spending for something else.

Is the extra effort worth it? The hard questions are best settled locally. People can weigh their own conditions, competing needs and moral sensibilities. Homelessness is mainly a local problem. Transforming it into a national issue is convenient for advocates, because it provides the most government money for the least amount of lobbying. But this is ultimately a corrupt and delusional bargain. It makes people less responsible for local problems and imposes a moral burden on the federal government to try to solve problems that it can't.

FRIDAY, MAY 27, 1994 THE WASHINGTON POST

This will only work
in US if US soldiers volunteer
for it - Dad JCS against
so far as unequal but
only way it will work

VP
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50

Stephen S. Rosenfeld

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Robert J. Samuelson

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Image Isn't Everything

What surprised you the most? I put that question to someone who has attended many of this administration's most important meetings about foreign policy and national security. The answer came without hesitation: "How much of the meeting was not about the meeting."

Then the official added after a pause: "And how much Bill Clinton hates making decisions on foreign policy. The only thing he would hate more would be letting someone else make the decisions. That he won't do."

Even so, Clinton has embarked on a foreign policy season, delivering commencement addresses that focus on his vision of the world and undertaking two trips to Europe: to commemorate D-Day in June and to attend the G-7 economic summit in Naples in July.

His advisers hope the speeches and the trips will muffle the fusillade of criticism directed at the president in recent weeks by those who have suddenly discovered that Clinton is not a Henry Kissinger nor will he employ one. These aides count on the trips to brighten Clinton's leadership image.

Bonne chance, monsieur le president.

But Clinton's advisers may also want to ponder the underlying problems suggested by those spontaneous comments from a Clinton friend about meetings and decision-making.

The comments help reveal why the administration's unheralded foreign policy successes stay unheralded and why Bosnia, Haiti and other trouble spots erupt in the media with the irregularity and ferocity of gout attacks.

"What gets brought into the meeting often has very little to do with the issue under discussion," the official continued. "Past battles won or lost get started again in the guise of dealing with today's subject. Issues are used to form or maintain alliances within the bureaucracy or within the leadership group itself. Little beyond the most immediate issue gets resolved absent a crisp sense of direction from the president."

Something new? Hardly. It is a description that applies to the difficulties faced by most new administrations, a key foreign policy-maker in the Bush administration said when I ran these comments past him. This rock-ribbed Republican recalled the stumbling start of the Reagan presidency and said the Bush team had been blessed to know each other well before taking office.

"If we had had to get to know each other and figure out whose judgments and motives to trust in a world without the Cold War, we would have faced many of the same problems," he added.

He went on to make what I think is the key

point: "But you have to wonder now if this is just a learning curve problem. There are no signs that this presidency's grip on foreign affairs is getting more solid as time passes. The same problems seem simply to recur, often in the same form and on the same subject. That is the discouraging thing."

I heard similar observations from staunchly pro-American British, French and German officials on a recent trip to Europe, where the Bosnian crisis has significantly eroded American credibility.

To be blunt about it, some of America's best friends in Europe have concluded that they cannot work constructively with this administration and are resigned just to endure it. They will not say so publicly. But they no longer bother to hide that attitude in private.

The Europeans are accustomed to America's asserting its own agenda and muscling them to achieve its goals. They know how to respond to that approach and protect their interests. What leaves them at a loss are the inconsistencies and omissions of recent American diplomacy on Bosnia.

An important example: The British and the French felt significant progress had been made when the United States agreed to a Geneva conference on Bosnia based on a settlement giving the Serbs 49 percent of Bosnian territory. Barely 24 hours before the conference began, the Europeans discovered that the United States had also given its blessing to a Bosnian-Croat map that awarded the Serbs only 42 percent of the land.

The State Department initially could not explain to Paris or London how this had happened or which commitment was the real one. (It turned out to be the 51-49 division.)

"This is either completely amateurish or extremely cynical," a senior and long-serving British official said. "The lack of comprehension that now exists between us and Washington is greater than at any time in my experience."

European puzzlement over U.S. intentions will have been deepened by the May 12 debacle of the Senate's passing two conflicting bills on lifting the arms embargo against Bosnia and the president's qualified opposition to lifting the embargo spelled out in a major foreign policy address at the U.S. Naval Academy commencement May 25.

Clever stage management of the trips to Europe and some well-delivered speeches fall into the "necessary but not sufficient" category. Even as they polish their foreign policy image, the president and his advisers should be thinking hard about improving the product.

COLMAN MCCARTHY

Capriati Arrest Lets Society Blow Smoke

Because Jennifer Capriati can swat a tennis ball across a net better than most people, and because those swatting talents have earned her an Olympic gold medal and millions of dollars in endorsement deals, her recent arrest in Florida on a marijuana charge was national news. Police in Coral Gables searched the 18-year-old's motel room and found a small amount of the drug—less than an ounce—in a backpack.

Celebrity busts draw headlines, plus the predictable afterwash commentary: another of the mighty brought down by crime and pot. Newspapers ran police mug shots of Capriati, her glum visage contrasting with the bubbly smiles of her days as a court princess.

If Capriati were not a tennis star and just another teenager, she would have been one of 300,000 Americans arrested this year on marijuana charges. That is one person every two minutes, with Capriati's turn coming in a Florida motel. Her arrest has bolstered the addled notion that any youth, or anyone else, who messes around with marijuana is either on a downhill road to ruin or has hit bottom already.

Police found no evidence that Capriati possessed or used heroin or cocaine. But the misdemeanor charge is enough to have her singled out as a model for the evils befalling pot users. It is enough also to loosen a torrent of media speculation that because Capriati was caught with marijuana, she is a druggie who could also be hooked on harder stuff. Media comments ranged from "so sad, so ugly" in The Washington Post to "when did it all go wrong?" in the New York Times.

Criminal prosecution of pot users, whether celebs or low-end drifters, creates the illusion that those waging the drug war—the police, district attorneys, judges and jailers—are on the front line taking 300,000 captives a year.

User penalties range from fines and imprisonment in some states to forfeiture of public housing assistance or college loans in others. Twenty-nine states have "smoke a joint, lose your driver's license" laws. Someone can murder, rape or be a serial arsonist and the driver's license is safe. Federal and state studies on auto accidents consistently report that when the dangers of booze and pot are compared, it is no contest.

Marijuana-related crimes are also minimal when

compared with the high rates of homicide, or spouse or child abuse, committed by drinkers. No other drug is tied to as much violent crime as alcohol.

The Capriati arrest raises civil liberties issues, which are at the core of the move to decriminalize marijuana. If the police have no right to charge into motel rooms, or homes, when they suspect an alcohol addict is on a bender, it is a bizarre law that sanctions ignoring the privacy rights of the marijuana user: a citizen using a substance acknowledged to be far less a danger to society and the individual than alcohol.

The war on drugs is actually a skirmish of selected drugs, with killer drugs like alcohol and nicotine exempted. It is also a war frequently against those least able to defend themselves. Few teenagers like Jennifer Capriati have either a knowledge of the law—or the spunk—to tell the police, no, you cannot nose through my room for pot, get a search warrant first. How many high school students, or adults even, know the law—including the right to remain silent—when the police show up? Did Capriati know when she gave police permission to search her room?

In "Marijuana Law," a 1992 book, defense attorney Richard Glen Boire writes that most arrests and convictions on marijuana charges could be avoided if citizens knew both the legalities and their constitutional rights. Because most users of this relatively harmless and non-addictive drug don't know when authorities may or may not legally search a person, car or home, criminal courts are congested with pot cases.

Jennifer Capriati is in a drug rehab program in Florida. The details of her problems are not known, as they should not be unless she chooses to announce them.

If Capriati has anything in common with other youths—her tennis talents aside—it is likely that if she is a marijuana user, the drug is less a cause of her troubles than a symptom. Should cannabis—the proper name for marijuana—have been her drug of choice, she is much better off than had she been hooked by the advertising lures of alcohol and nicotine companies, the nation's most despicable drug pushers.

Is this true?
I heard nothing
about that!

53

THE PRESIDENT HAS SEEN
5.31.94

BOVO
turn - 15 Bonnie clay
+ Wharfedale
+ near
B.

Judy Shelton

Those Markets Aren't Crazy

The Federal Reserve Board decides to raise interest rates by a hefty one-half percent—and Wall Street cheers? Either financial markets are truly perverse, as some at the White House have suggested, or something else is going on. And it isn't inflation.

The United States under the Clinton administration is locked on a collision course between its desired domestic economic agenda and the demands of the international financial community. President Clinton has set great store on his ability to deliver low interest rates as the result of prudent budget decisions. While administration officials early on dismissed the stock market as a credible judge of their economic program ("It goes up, it goes down"), they have pointed to the low 30-year Treasury bond rate with pride and satisfaction.

But since that benchmark rate started climbing precipitously this year—it reached as high as 7.60 percent on May 11, compared with 5.78 on Oct. 14—the White House has been scrambling to explain to the American people what has changed. As it turns out, the U.S. domestic economic scene hasn't changed much in the past seven months, except for the better: Employment is up, inflation is down. What has been driving interest yields higher is the insistence by foreign investors that they be compensated for the impact of a falling dollar.

Ever since Treasury Secretary Lloyd Bentsen uttered "I'd like to see a stronger yen" at the National Press Club a month after Clinton's inauguration, the value of the dollar has been up for grabs in international currency markets. Clinton himself compounded the jaw-boning factor last spring, when he announced at a joint press conference with Japan's visiting prime minister that the weak dollar was "number one" on a list of the "things working today which may give us more results" in shrinking the U.S. trade deficit with Japan.

Global currency traders took notice. If officials in the White House wanted to see the dollar go down against the yen, they would be only too happy to accommodate them. Within four months, the dollar would hit post-World War II record lows approaching 100 yen to the dollar.

Still, bond yields seemed relatively unaffected by the sagging dollar until early this year. Then, suddenly, the dollar began losing value against the German mark also. Now global investors were demanding higher interest rates to offset the projected exchange rate loss from investing in dollar-denominated financial instruments.

By late April, officials at Treasury and the White House were alarmed by the backwash effect of a weak dollar on U.S. bond yields. A massive intervention effort carried out by the Fed in conjunction with the central banks of 15 other nations on May 4 gave currency speculators temporary pause as they weighed the willingness of foreign governments to endlessly shell out reserves to buy dollars. But U.S. bond yields continued to soar. A surprise move on May 11 by the Bundesbank to dramatically cut German interest rates tipped the currency scale in favor of the dollar. Still, investors were waiting for the other shoe to drop. Two weeks ago, with a Fed hike of 50 basis points in both the discount rate and the federal funds rate, it did.

So even as sharply rising interest rates are spooking average Americans and undermining the fundamental assumptions of Clinton's domestic economic program, the international financial markets are merely pacified for the present. Wall Street's seeming approval of the jump two weeks ago in key interest rates is a reflection of that. It does not mean U.S. business is eager to embrace a higher cost of capital or that consumers are ready to absorb higher borrowing costs.

Are financial markets irrational, superstitious? To the contrary. They are not prone to inflation myths, as Laura D'Andrea Tyson, chairman of the president's Council of Economic Advisers, would have us believe. They are registering their legitimate response to the Clinton administration's demonstrated willingness to let the dollar slide to achieve perceived gains in foreign trade. What is perverse is to proclaim a commitment to a strong dollar, as Clinton did in December 1992 (when it took 124 yen to buy a dollar), and then expect investors to passively absorb exchange rate losses as the White House talks down the value of America's currency.

The writer is a senior research fellow at the Hoover Institution at Stanford University.

Lou Cannon

Smeared In California

LOS ANGELES—The late Richard M. Nixon never quite understood what all the fuss was about when critics took him to task for winning elections to the House in 1946 and the Senate in 1950 by Red-baiting his Democratic opponents.

Nixon, after all, had grown up in California, where calling a political opponent a Communist was then as American as apple pie. And while communism is gone with the wind, the political smear unfortunately remains an enduring feature of California election campaigns.

Population growth and the high costs of television advertising have, if anything, lowered the tone since the Nixon days. The only effective way to access 32 million people dispersed among four major media markets and several minor ones is through the compressed sound bites of television commercials, which are better suited to smears than to high-minded policy discussions.

The champion smear artist of the current primary campaign is a former Democratic Party state chairman named Phil Angelides, who wants to become his party's nominee for state treasurer. The way he has decided to do this is by smearing his opponent, State Senator David Roberti, the author of the partial state ban on assault weapons who recently turned back a recall effort led by the National Rifle Association.

The gun champions who tried to get Roberti sometimes depicted him in the cross hairs of a marksman's sights. Angelides prefers character assassination. Because Roberti is a Roman Catholic who opposes abortion and 17 years ago co-authored a resolution calling for federal adoption of an anti-abortion amendment, Angelides is running an ad linking Roberti to the Florida murder of a doctor who performed abortions.

Because Roberti has been a leader in the State Senate, Angelides is running another ad that links him to the corruption trials of other state legislators. Even Roberti's foes acknowledge that he has a hard-earned reputation as an honest politician, but Angelides is too eager for office to let any facts stand in the way of his preposterous commercials.

But the most disappointing and effective of the current political commercials now polluting the California airwaves is the work of Republican Gov. Pete Wilson. It is disappointing because Wilson has on the whole been an able and determined governor who has stuck

THE PRESIDENT HAS SEEN

5.31.94

Bob Rubin
wrote to you
meat of
Tues

PHOTOCOPY
WJC HANDWRITING

to his guns through California's worst economic slump since the Depression.

Now, however, he is running for reelection with the aid of scary black-and-white commercials that show hordes of Mexican immigrants running across the border at San Ysidro, dodging cars as they pour into the United States. "They keep coming," a narrator's voice declares. "The federal government won't stop them at the border . . . Gov. Pete Wilson sent the National Guard to help."

The ad extols Wilson for working to deny basic services to immigrants and bashes State Treasurer Kathleen Brown, his anticipated Democratic opponent in November, for not doing enough to halt the "brown tide." In real life, as opposed to this low-blow commercial, Brown has displayed a disturbing tendency to engage in immigrant bashing of her own.

I am aware that the phrase "immigrant bashing" can itself be used to smear anyone who does not believe in open borders. There are people in all walks of life who believe that California is more burdened than enriched by immigrants or that it has reached its carrying capacity. There are also scholars who are supportive of immigration who share Wilson's view that the federal government is unfairly penalizing high-immigration states such as California, Texas and Florida by making them pay the bulk of immigration costs instead of dealing with the issue as a national problem.

Wilson is no yahoo. He understands, better than most, the inflammatory nature of the immigration issue. He has shown this in speeches calling for immigration reform in which he also expresses admiration for the courage of the immigrants he believes America cannot afford to keep.

The governor's understanding of the human side of immigration makes his ad that much more offensive. Lamentably, it draws upon the California tradition of political smear and an even darker tradition of scapegoating immigrants. This tradition began in 1877, when a San Francisco political demagogue named Dennis Kearney effectively appealed to native workers with the inflammatory battle cry, "The Chinese must go."

Ever since, immigrants of Chinese, Japanese, Korean, Vietnamese and Mexican descent have become periodic targets of demagogues in hard times. Invariably, they have blamed California's problems on outsiders with a different skin color who speak a different language.

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Maybe Wilson is able to make a practical case for closing the border with Mexico. But he does himself no credit by basing his reelection campaign on the politics of fear.

CS

In our opinion

"...It is the duty of a newspaper to become the attorney for the most defenseless among its subscribers."

- Col. Harry M. Ayers, President and Publisher, 1910-1964

H. BRANDT AYERS
Editor and Publisher

P. A. SANGUINETTI
President

Page 2C, The Anniston Star, Sunday May 15, 1994

The Anniston Star

Out here

China is too big to lose

By Brandt Ayers

DEAR MR. President: You already know what you have to do about China next month. You're not going to tell China to get lost. It's too big to lose.

You put it so well in the speech at Waseda University last July in Tokyo. "Expanded trade and more open economies not only enrich people, they also empower them. Trade is a revolutionary



Ayers

force that wears down the foundations of despotic rule ... The movement toward democracy is the best guarantor of human rights."

You went on to cite the examples of the Philippines, Taiwan, Korea and others to support your belief that "more open economies also feed people's hunger for democracy and freedom and more open political systems."

That's a substantial

trade accounted for more than half the new jobs in the United States. American families would suffer if China was denied "Most Favored Nation" status.

In China, the results could be destabilizing. Already there are estimates of 100 to 200 million unemployed peasants, "blind drifters," roaming the countryside and contributing to the crime problem. An army of unemployed the size of England, France and Germany could be controlled only by draconian police action.

China is obsessive about maintaining order, for understandable reasons. Its paramount leaders nervously recall the chaos of the Cultural Revolution and the bloody upheaval of civil war. Any threat to stability triggers harsh reactions, retarding or reversing human rights progress.

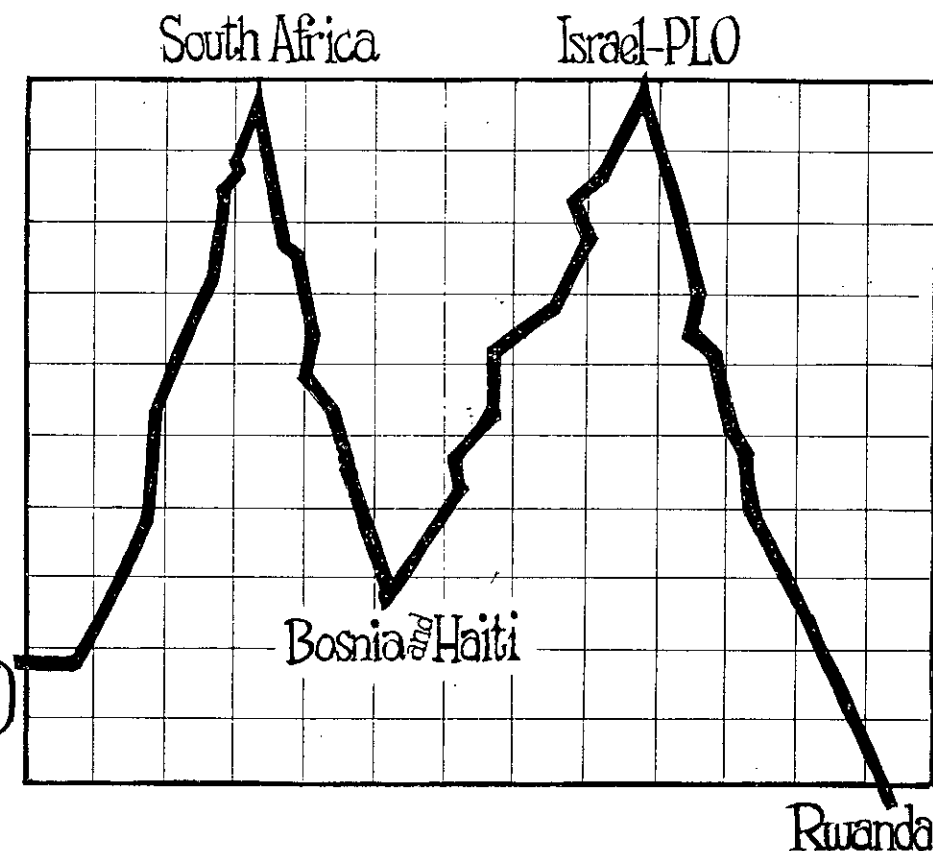
ALL OVER Asia there would be sighs of relief if you repeated the Waseda principle as a reason for decoupling human rights from trade. In Hong Kong, for instance, they fear that closing the trade door would cost

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Brandt Ayers

HUMANKIND



A new politics of 'empowerment'

By Neal R. Peirce

WITHIN WEEKS, official Washington will be deluged with community applications to snare the benefits of nine empowerment zone and 95 enterprise community designations voted by Congress last year.

As the Clinton administration then gets to work on judging the entries, it's likely politicians and the media, as usual, will dwell on the old politics — who will win or lose? — is the competition "wired" for



If communities will commit to reaching performance-based benchmarks of improvement, Washington will give them preference in waiving burdensome federal regulations.

Second, the partners must agree on a strategic plan to create job opportunities, not only directly but by fostering communities with safe streets, decent housing, social services, clean air and water and improved schools — places that can attract jobs.

Finally, the feds are saying, if communities will commit themselves to reaching performance-based benchmarks of improvement, then Washington will give them preference in waiving burdensome federal regulations. Richest benefits will flow to the

ing and Community Development Conference in Washington March 30.

Some places seem truly to grasp the spirit and potential of the new deal the feds are offering. Consider the example of America's most ravished great city, in the nation's most segregated region — Detroit. With the bait of empowerment zone designation, and anxious to bolster freshman Mayor Dennis Archer, the big institutions of the Detroit region have produced a startling set of initiatives.

project will be a "collaboration and innovation center." Pushed by Renaissance director Robert Keller, the center will include rooms for collaboration-building sessions among citizen, business and government stakeholders who've often been at each other's throats. The facility will have one room for computer-assisted negotiations and telecommunications capacity to confer and compare notes with groups in other cities.

Most cities' efforts are more modest. Los Angeles considers it something of a miracle that the city bureaucracy has made common cause with the Coalition of Neighborhood Developers, a group of 56 grass-roots organizations. This first-ever planning combine of African American, Korean and Latino organizations

PHOTOCOPY
WJC HANDWRITING

Boyle
can we / some we
do now?

Postwar Promise

Africa's Newest Nation, Little Eritrea Emerges As an Oasis of Civility

Independent at Last, It Shows
A Seriousness of Purpose
Forged in a 30-Year War

Free Market, With a Twist

By GERALDINE BROOKS

Staff Reporter of THE WALL STREET JOURNAL
ASMARA, Eritrea — The president of this African country wears plastic sandals to official functions, draws no salary and prefers dusty Jeeps to limousines.

The tree-lined streets of the capital are spotless and safe to walk until the wee hours. There isn't a gun to be seen, even at the airport or at government offices.

Eritrea is Africa's newest nation: a Mississippi-sized slice of rugged Red Sea coast that has become an unlikely oasis of peace and civility wedged between the clan-fighting of Somalia and religious war in Sudan. Secretary of State Warren Christopher calls Eritrea, independent since May 1993, "a beacon of hope astride the Horn of Africa."

The U.S., however, long opposed the Eritreans' struggle for independence from Ethiopia. Since the 1960s, successive U.S. administrations had characterized the rebels as leftists and claimed that their secessionist campaign, if supported, would start a chain reaction that could put all of Africa's fragile borders at risk.

African Model

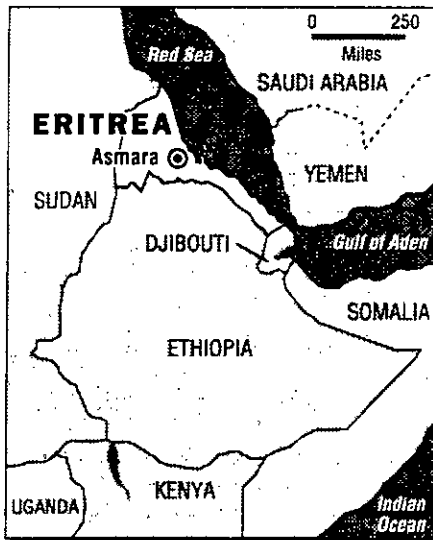
Instead, the country is emerging as an African model, despite a history of misfortune on an almost biblical scale. Eritrea's scorched air swirls with the fine dust of drought-stripped topsoil, and the dry rattle of locust plagues provides a depressingly familiar background tattoo. Too few doctors treat too many famine-ravaged tuberculosis victims, while in the towns, the wheelchair-bound casualties of a 30-year war roll uncertainly down bomb-damaged streets.

A half-Christian, half-Muslim population of 3.5 million is further riven by nine separate ethnic groups and as many languages. With a per-capita income among the lowest in the world, the tiny country seems a prime candidate for the kind of tribal and religious strife tearing at so many other nations, such as Rwanda.

Yet at a political congress in February, the country's mufti, or supreme Muslim leader, sat companionably alongside his Christian Orthodox counterpart. Rural women wearing traditional veils joked with bareheaded city women in shorts. And by the time the conference ended, everybody had agreed to work toward multiparty elections for a democratic, secular government.

Perhaps even more astonishing, Eritrea is beginning to develop without the corruption so common elsewhere on the continent.

"You can't find anyone to bribe here," says a bemused American developer, Jo-



seph Torrito, who is negotiating to build a hotel on the Red Sea and apartment blocks in Asmara. Initially, Mr. Torrito had his eye on a site in Asmara's bougainvillea-splashed colonial center. "In West Africa, I'd have got it with \$180,000 slipped to the city planner," he says. "Here, the guy just said, 'Over my dead body you'll build there.'" Citing the Eritreans' intentions to preserve the city's picturesque turn-of-the-century heart, the planner steered Mr. Torrito to less-sensitive sites.

Part of the reason for Eritrea's promise lies in its long and solitary struggle for independence. Colonized late, by Italy at the turn of the century, Eritreans emerged from World War II expecting nationhood; instead, they were swallowed by neighboring Ethiopia in 1962.

For the next three decades, an ill-equipped band of Eritrean rebels resisted the takeover, fighting Africa's longest war. From mountain redoubts where schools, factories and surgical wards were gouged into hillsides to protect from aerial bombardment, the guerrillas slowly wrestled victory from black Africa's biggest army.

Bargain-Basement War

Ethiopia got millions in military aid from the U.S. during the reign of Haile Selassie and more from the Soviets during the Marxist dictatorship of Mengistu Haile Mariam. The Eritreans had no significant backers and fought a bargain-basement war, largely with captured weapons. Forced to sink their differences in the face of a common enemy, they gradually developed an egalitarian society in the wartime trenches, blind to gender, class and religion.

"We thought they were just a bunch of
Please Turn to Page A10, Column 1

Continued From First Page
Arab-backed terrorists," says an Israeli foreign-ministry official. "Was that ever a mistake." Having supplied military assistance to Ethiopia during the war, Israel now is scrambling to offer aid, providing training in agriculture and hydrology, books for the libraries and even small amounts of military assistance for the new state, whose coastline commands a strategic stretch of the Red Sea.

The U.S., too, is struggling to undo years of enmity. President Clinton has turned to the Eritrean president, Isaias Afwerki, to help mediate the bloody clan-war in neighboring Somalia. U.S. Navy ships are making port visits, and major oil companies are negotiating exploration deals. The U.S. military is in advanced talks on installing powerful over-the-horizon radar in Eritrea that would allow monitoring of the region as far as Iran.

Mr. Torrito, who once owned a gold mine in Sierra Leone, was among the first Americans scouting prospects. A retired U.S. Army colonel, he isn't put off by spartan conditions. His most recent hotel room was "what you might call air-conditioned — by a shell-hole in the wall where a small mortar had ripped through." He says it is Arab businessmen, familiar with the hard-working habits of Eritrean refugees in nearby Persian Gulf countries, who are flocking to explore business opportunities. "It's the smell of money," Mr. Torrito explains. "It's like Faberge."

Inexpensive Lenses

Among projects already under way is a sophisticated laboratory making lenses that can be surgically implanted to cure cataract blindness. An Australian eye surgeon, impressed by a pharmaceutical plant built by the Eritreans during the war, raised donations to equip the factory. With its skilled but extremely cheap labor, Eritrea can make a lens for \$10 that Western producers usually sell for \$120.

Despite its roots as a leftist guerrilla movement in the 1960s, Eritrea's provisional government now is unabashedly free-market. "I'm glad in a way that the Soviets intervened against us" during the war with Ethiopia, says a foreign-ministry official. "If they hadn't backed Mengistu, we might have kept believing in [the Soviets] and ended up like Angola or Kampuchea."

But while the new investment code is

THE WALL STREET JOURNAL TUESDAY, MAY 31, 1994

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Forged in a 30-Year War

Free Market, With a Twist

By GERALDINE BROOKS

Staff Reporter of THE WALL STREET JOURNAL
ASMARA, Eritrea — The president of this African country wears plastic sandals to official functions, draws no salary and prefers dusty Jeeps to limousines.

The tree-lined streets of the capital are spotless and safe to walk until the wee hours. There isn't a gun to be seen, even at the airport or at government offices.

Eritrea is Africa's newest nation: a Mississippi-sized slice of rugged Red Sea coast that has become an unlikely oasis of peace and civility wedged between the clan-fighting of Somalia and religious war in Sudan. Secretary of State Warren Christopher calls Eritrea, independent since May 1993, "a beacon of hope astride the Horn of Africa."

The U.S., however, long opposed the Eritreans' struggle for independence from Ethiopia. Since the 1960s, successive U.S. administrations had characterized the rebels as leftists and claimed that their secessionist campaign, if supported, would start a chain reaction that could put all of Africa's fragile borders at risk.

African Model

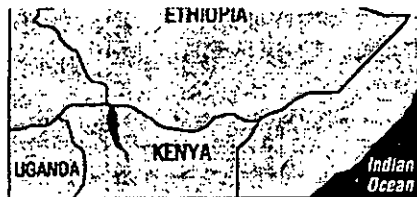
Instead, the country is emerging as an African model, despite a history of misfortune on an almost biblical scale. Eritrea's scorched air swirls with the fine dust of drought-stripped topsoil, and the dry rattle of locust plagues provides a depressingly familiar background tattoo. Too few doctors treat too many famine-ravaged tuberculosis victims, while in the towns, the wheelchair-bound casualties of a 30-year war roll uncertainly down bomb-damaged streets.

A half-Christian, half-Muslim population of 3.5 million is further riven by nine separate ethnic groups and as many languages. With a per-capita income among the lowest in the world, the tiny country seems a prime candidate for the kind of tribal and religious strife tearing at so many other nations, such as Rwanda.

Yet at a political congress in February, the country's mufti, or supreme Muslim leader, sat companionably alongside his Christian Orthodox counterpart. Rural women wearing traditional veils joked with bareheaded city women in shorts. And by the time the conference ended, everybody had agreed to work toward multiparty elections for a democratic, secular government.

Perhaps even more astonishing, Eritrea is beginning to develop without the corruption so common elsewhere on the continent.

"You can't find anyone to bribe here," says a bemused American developer, Jo-



seph Torrito, who is negotiating to build a hotel on the Red Sea and apartment blocks in Asmara. Initially, Mr. Torrito had his eye on a site in Asmara's bougainvillea-splashed colonial center. "In West Africa, I'd have got it with \$180,000 slipped to the city planner," he says. "Here, the guy just said, 'Over my dead body you'll build there.'" Citing the Eritreans' intentions to preserve the city's picturesque turn-of-the-century heart, the planner steered Mr. Torrito to less-sensitive sites.

Part of the reason for Eritrea's promise lies in its long and solitary struggle for independence. Colonized late, by Italy at the turn of the century, Eritreans emerged from World War II expecting nationhood; instead, they were swallowed by neighboring Ethiopia in 1962.

For the next three decades, an ill-equipped band of Eritrean rebels resisted the takeover, fighting Africa's longest war. From mountain redoubts where schools, factories and surgical wards were gouged into hillsides to protect from aerial bombardment, the guerrillas slowly wrestled victory from black Africa's biggest army.

Bargain-Basement War

Ethiopia got millions in military aid from the U.S. during the reign of Haile Selassie and more from the Soviets during the Marxist dictatorship of Mengistu Haile Mariam. The Eritreans had no significant backers and fought a bargain-basement war, largely with captured weapons. Forced to sink their differences in the face of a common enemy, they gradually developed an egalitarian society in the wartime trenches, blind to gender, class and religion.

"We thought they were just a bunch of

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now is scrambling to offer aid, providing training in agriculture and hydrology, books for the libraries and even small amounts of military assistance for the new state, whose coastline commands a strategic stretch of the Red Sea.

The U.S., too, is struggling to undo years of enmity. President Clinton has turned to the Eritrean president, Isaias Afwerki, to help mediate the bloody clan-war in neighboring Somalia. U.S. Navy ships are making port visits, and major oil companies are negotiating exploration deals. The U.S. military is in advanced talks on installing powerful over-the-horizon radar in Eritrea that would allow monitoring of the region as far as Iran.

Mr. Torrito, who once owned a gold mine in Sierra Leone, was among the first Americans scouting prospects. A retired U.S. Army colonel, he isn't put off by spartan conditions. His most recent hotel room was "what you might call air-conditioned — by a shell-hole in the wall where a small mortar had ripped through." He says it is Arab businessmen, familiar with the hard-working habits of Eritrean refugees in nearby Persian Gulf countries, who are flocking to explore business opportunities. "It's the smell of money," Mr. Torrito explains. "It's like Faberge."

Inexpensive Lenses

Among projects already under way is a sophisticated laboratory making lenses that can be surgically implanted to cure cataract blindness. An Australian eye surgeon, impressed by a pharmaceutical plant built by the Eritreans during the war, raised donations to equip the factory. With its skilled but extremely cheap labor, Eritrea can make a lens for \$10 that Western producers usually sell for \$120.

Despite its roots as a leftist guerrilla movement in the 1960s, Eritrea's provisional government now is unabashedly free-market. "I'm glad in a way that the Soviets intervened against us" during the war with Ethiopia, says a foreign-ministry official. "If they hadn't backed Mengistu, we might have kept believing in [the Soviets] and ended up like Angola or Kampuchea."

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Richard L. Siewert to Steven A. Cohen at 21:25:53.12. Subect: Weekly Update - Draft [partial] (1 page)	08/05/1994	P6/b(6)
002. email	Carol A. Bergman to Jennifer M. O'Connor at 18:50:19.23. Subject: Crime bill calls - update (1 page)	08/08/1994	P5

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
WHO ([Rwanda 1994])
OA/Box Number: 500000

FOLDER TITLE:

[07/25/1994 - 08/12/1994]

Jamie Mettrailer
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jm163

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Carol A. Bergman (BERGMAN_C) (DON)

CREATION DATE/TIME: 8-AUG-1994 18:50:19.23

SUBJECT: crime bill calls - update

TO: Jennifer M. O'Connor (OCONNOR_J) (WHO)

READ: 9-AUG-1994 09:00:21.49

TEXT:

Update on Dr. Brown's calls:

Rep. Boehlert: Yes on Rule and Bill

Rep. Houghton: Yes on Rule and Bill

But very concerned about the Pell grants having been omitted from the bill.

Rep. Quinn: Yes on Bill; Leaning Yes on Rule

He wants POTUS to call him tomorrow. Dr. Brown believes that it ensure his vote.

Rep. Donald Payne: No on Rule

He feels that the Administration has handled issues concerning African Americans very poorly, and also Africa - especially Rwanda. Re the Racial Justice Act: the Administration should have lobbied the Senate heavily rather than leaning on the CBC. He does want the President to win this bill, but believes that enough CBC Members are now voting for the Rule, that it will be okay. He cannot vote for the Rule on principle; he voted against the Rule before.

Dr. Brown suggests having the Police Chief in Newark call him. I will make sure that is done in the morning.